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California farmworkers housing assistance plan, 1977

Department of Housing and Community Development

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California farmworkers housing assistance plan, 1977



DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT

COMMISSION OF HOUSING AND COMMUNITY DEVELOPMENT

921 Tenth Street, Sacramento, California 95814
(916) 445-4775



85-3-72
HD
7288-72
C34
May 16, 1977

To the Members of the California Legislature:

Pursuant to its duties under Health and Safety Code Section 41125, the Commission of Housing and Community Development hereby refers the California Statewide Housing Plan, 1977 (which includes the Farmworker Housing Assistance Plan, reproduced in a separate volume) to the Legislature for review, revision, and adoption.

The Plan was prepared by the Department of Housing and Community Development, in conjunction with the Business and Transportation Agency. The Department and the Commission of Housing and Community Development jointly held extensive public hearings on drafts of the Plan. Private industry, local government, and other state agencies provided substantial and valuable input into the preparation of the Plan. The Commission commends the staff of the Department of Housing and Community Development for its diligent efforts to involve as many individuals and organizations as possible in the preparation of the Plan. These efforts not only made the Plan a better document, but also tended to assure that the Plan should have the widest possible public support and acceptance.

The Legislature has directed our Commission to send to it our comments on the Plan. Because the Plan has many aspects to it, and because each Commissioner's view of our state's housing problems differs somewhat, some Commissioners wish to comment separately on the Plan. Those comments are attached.

Sincerely,

A handwritten signature in cursive script that reads 'Myron Moskovitz'.

Myron Moskovitz
Chairman

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COMMISSIONERS

Myron Moskovitz, Chairman
Anon Forrest

James Aitken
Kendrick Bangs Kellogg

Jovita Alvarez
Harvey Pearlman

Georgia Brower
Richard Wm. Strong

COMMISSION OF HOUSING AND COMMUNITY DEVELOPMENT

921 Tenth Street, Sacramento, California 95814

(916) 445-4775



May 16, 1977

85-3-296

To the Members of the California Legislature:

In general I support the Plan and feel it is a positive step made in good faith. However, I wish to emphasize some items in the Plan and some that need strengthening or additions to the Plan.

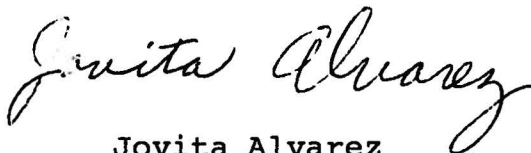
1. Farmworkers would like to have single family ownership housing emphasis rather than rent subsidies (this was a resolution a year ago at the Farmworker Conference and was emphasized at the many hearings in the interim).
2. Along with trying to get housing for farmworkers, consideration should be given to economic development (to support this housing).
3. Employees' housing should be moderate in rent in labor camps, according to wage scale of what is being earned.
4. The total amount of housing needs projected for five years is too low because population and income needs will increase substantially in that time.
5. The Plan should make clear that housing must be available for farmworkers who live in urban areas and towns, as well as rural areas.
6. The Plan should address itself to the needs of the farmworkers in an emergency situation (such as drought or flood). Because of these emergency situations, the amount of unemployment would rise dramatically and farmworkers may be unable to meet monthly mortgage payments at time of crisis.
7. Farmworkers should have the option or choice to build their own homes according to their needs or means, rent, purchase mobilehomes, or live within the growers' quarters.

COMMISSIONERS

| | | | |
|---------------------------|------------------------|-----------------|--------------------|
| Myron Moskovitz, Chairman | James Aitken | Jovita Alvarez | Georgia Brower |
| Anon Forrest | Kendrick Bangs Kellogg | Harvey Pearlman | Richard Wm. Strong |

8. The opportunity to afford a decent home also provides the farmworkers with better health conditions, better education, better employment, better transportation, etc.
9. The provision of a decent home will also maintain the dignity and betterment of the farmworker families; i.e., culturally, structurally, educationally, etc.
10. Passage of farmworker matching grant legislation is an important factor in improving farmworker housing, the beginning of knowing that farmworkers will not have to complete for inadequate and unhealthy living conditions, and I endorse the action and bill strongly.

Sincerely,

A handwritten signature in cursive script that reads "Jovita Alvarez". The signature is written in dark ink and is positioned above the printed name and title.

Jovita Alvarez
Commissioner

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FARMWORKER HOUSING ASSISTANCE PLAN

SUMMARY: HOUSING POLICIES AND RECOMMENDATIONS

The Legislature has directed (Health and Safety Code Section 41130) that the Department of Housing and Community Development prepare a Farmworker Housing Assistance Plan and that the Commission of Housing and Community Development refer that Plan to the Legislature with its comments. The Department and the Commission hereby recommend the Farmworker Housing Assistance Plan to the Legislature for its consideration and approval. The Plan includes findings, policies and housing objectives for the Legislature to adopt. It also contains actions to implement the Plan, for the Governor and the Legislature to consider.

PUBLIC PARTICIPATION IN DEVELOPING THIS PLAN

To begin the process of developing this Plan, the Department of Housing and Community Development, along with the Housing Assistance Council, Self Help Enterprises, and La Federacion de Programas Campesinos en California co-sponsored the Farmworker Housing Conference in Sacramento in April 1976. The Conference was attended by representatives of all State agencies affecting farmworkers, the Farmers Home Administration, local community action groups, nonprofit corporations, public and private housing producers, and farmworker organizations. The Conference produced a series of resolutions calling for actions on housing and community development issues by State agencies, the State Legislature and the federal government. The development of the Farmworker Housing Assistance Plan has been guided by these Resolutions and has been assisted by an advisory committee to the Director of the Department made up of Conference participants representing local community action and farmworker groups.

An initial draft of the Farmworker Housing Assistance Plan was prepared in September, 1976, and nine public hearings were held throughout the State on that draft. Over 1,200 persons attended the hearings, which were conducted in Spanish and English on weekends in rural areas. (Some brief excerpts from testimony are printed in Appendix I.) Local housing advisory groups have been formed in six areas to continue work on farmworker housing needs.

WHAT THIS PLAN IS

The Legislature directed that a Farmworker Housing Assistance Plan be developed as a separate component of the Statewide Housing Plan, and used the word "assistance" in the title. This represented, we believe, recognition that the housing needs of farmworkers are especially critical and demand State attention, and that farmworkers, due to particularly low incomes, require financial assistance if they are to achieve decent housing.

The Farmworker Housing Assistance Plan is structured as follows. The Summary includes findings, proposed State housing policies, and objectives recommended for legislative adoption. Actions needed to carry out the policies and achieve the objectives are also recommended. These comprise a realistic program for the next five years. The Plan is subject to annual evaluation and revision.

The remainder of the Plan consists of appendixes which provide back-up information. Appendix I, "Needs", describes in detail the special housing needs of farmworkers and their families, as revealed by their testimony at the public hearings and as shown by available studies and data. Appendix II, "Detailed Analyses of Proposed Actions", explains the reasons for the proposed actions outlined in the Summary. Appendix III, "Federal and State Programs For Farmworkers", describes federal and State housing programs and related actions and assesses their effectiveness.

THIS IS AN ACTION PLAN, RESPONDING TO NEEDS

An estimated annual average of 216,000 hired farmworkers, which peaked at over 300,000 in September, labored in California fields during 1976. They play an indispensable role in making the State the foremost in the Union in the production of agricultural products. Yet, this massive production, an essential component of the State's economy, does not bring to the farmworker a secure life or a liveable income comparable to that of other workers. Farmworker families subsist on an estimated annual average income of less than \$6,000, by far the lowest for any occupational group in the State. Large families live in overcrowded, overpriced substandard houses in the rural towns, and in labor camps, shanties, even old school buses and boxcars in the countryside.

Most farmworkers and their families live permanently in one location throughout the year, but an estimated 50,000 to 80,000 workers, often accompanied by children, follow the crops for 6 to 9 months each year. For them (whether they remain in California all year, or spend part of each year in another State), "home" consists of isolated labor camps, old barns, automobiles, and other types of shelters. In town they crowd into motels, hotels, backyard structures, and double up in houses.

The housing problems of California's farmworkers are directly related to their low incomes. The 1970 U.S. Census, for example, found the median income for farmworkers to be \$3,750 annually. This represented about one-half of the corresponding income for all workers in the State. A California Department of Agriculture survey (July, 1975) estimated the average wage rates for farmworkers at \$2.77 per hour, and \$3.22 per hour for piecework. This would mean an annual income of \$4,500, assuming 150 days of work (ten hours per day at \$3.00 per hour), but many migrants work fewer days during the year. In fact, a 1974 EDD survey of migrants in State-operated labor camps determined the average annual income to be \$3,687 (for the sample surveyed).

Until farmworkers receive livable wages, their housing will have to depend on a State policy that encourages the maximum utilization of available federal subsidy programs, especially those of Farmers Home Administration, and that appropriates State funds for loans, grants, and technical assistance to assist the majority of farmworkers who cannot be reached by federal programs.

Data on the specific housing needs of farmworkers are almost unavailable because the U.S. Census does not treat farmworkers as a separate category, and the surveys by the Employment Development Department (EDD) do not cover all farmworkers. Pending completion of sample surveys now being made under contract with the Department of Housing and Community Development, one can only guesstimate the need on the basis of what is known (and presented in Appendix I).

The Department estimates that there is a need for:

- 100,000 permanent housing units to be built or rehabilitated for year-round hired and local seasonal farmworkers; and
- 50,000 seasonal housing units to be built or rehabilitated for migrant farmworkers (many of whom would occupy more than one housing unit in the State in the course of a year).

These farmworker housing needs are substantial and far exceed government's ability to solve, at least in the short run. Priorities set in the Farmworker Housing Assistance Plan follow those suggested in resolutions passed at the Farmworker Housing Conference, and the testimony received from hundreds of farmworkers at the public hearings (see Appendix I, Section 1). These priorities, plus a realistic sense of what the State can do and will choose to do, shape the actions recommended in the Plan and the objectives that derive from those actions.

THIS PLAN FOCUSES ON CRITICAL ISSUES

The policies and objectives of the Farmworker Housing Assistance Plan are directed toward three critical issues. The policies call for housing programs that promote self-help, independence, and a choice of housing environment for farmworkers. The specific critical issues facing California farmworkers today are:

1. Nonmigrant farmworkers and their families are entitled to the opportunity to obtain decent and affordable housing and a choice of living environment near their work. This includes homeownership opportunities and affordable cooperative and rental housing opportunities. (Permanent Housing)
2. Migrant farmworkers and their families are entitled to the opportunity to obtain decent and affordable seasonal housing in a suitable living environment near their work. (Seasonal Housing)
3. Farmworker housing must be provided within the context of comprehensive community development. (Community Development)

THE PLAN ESTABLISHES THESE HOUSING OBJECTIVES

The actions and objectives of the Plan are to be implemented beginning in fiscal year 1977-78, to continue for five fiscal years. The Plan will be updated annually to reflect new information and changed situations as they occur.

The five-year objectives of the Plan are much smaller than the estimated need. However, they are estimates of the number of units which could be produced if the proposed actions are undertaken and if federal funding levels are sustained or increased.

California's annual housing objectives for farmworkers and their families for 1977 through 1982 are:

- To develop 2,100 permanent housing units the first year, and 10% more each subsequent year, for a total of 12,800 units.
- To develop 1,100 seasonal housing units the first year, and 10% more each subsequent year, for a total of 6,700 units.

FINDINGS, POLICIES, AND RECOMMENDED ACTIONS

The findings and policies that follow reflect the major issue areas noted earlier -- permanent housing, seasonal housing, and community development. After each policy are the related State activities presently under way, and then actions recommended to carry out the policy. (Policies and recommended actions are numbered for easy reference.) Detailed analysis of each new action is in Appendix II.

FINDINGS

Farmworkers and their families share most of the housing and community development problems of other low-income people. However, the farmworkers have characteristics which compound and magnify those problems to a significant degree. The special problems faced by farmworkers include:

- a. First and foremost, their low income prohibits the great majority from participating in the open market for decent housing.
- b. They live predominantly in rural areas which have housing needs proportionately more severe than urban areas.
- c. Their employment is exceptionally insecure. This affects them detrimentally, both economically and socially. Most farmworkers live permanently in one location, but their work is seasonal, not year-round. A significant number migrate six or seven months out of the year. The end result for both groups is low and insecure income, and for the migrant in particular, a lack of community life.

- d. The housing opportunities available for farmworkers and their families through federal and State housing programs are minimal.

The most important provider of permanent housing, Farmers Home Administration (FmHA), falls far short of meeting farmworker needs because (1) low incomes and unstable employment records disqualify most families from FmHA programs; and (2) FmHA suffers severely from understaffing and underfunding, particularly on those programs most likely to benefit farmworkers.

- e. Most farmworkers share a cultural heritage and language different from the majority of the State's residents. Their average education level is low, as is their income. The result is that compared to others, farmworkers and their families have significantly reduced opportunities to share in the benefits of American society. The desire for dignity and the opportunity to participate as an independent member of the community ranks high among farmworkers.

Permanent Housing

POLICY 1 - IT SHALL BE THE POLICY OF THE STATE OF CALIFORNIA THAT PERMANENT HOUSING OPPORTUNITIES INCLUDING HOMEOWNERSHIP BE PROVIDED FOR YEAR-ROUND HIRED AND LOCAL SEASONAL FARMWORKERS AND THEIR FAMILIES.

CURRENT ACTIONS

In 1976, the Legislature created (AB 3623; Chapter 1335) a \$500,000 revolving Housing Predevelopment Loan Fund to leverage federal funds for housing construction. At the present funding level, this would assist in the construction of 200 low-income rural houses every two years.

In 1976, the State appropriated \$125,000 to fund staff for the Farmers Home Administration in California so that this program could maintain, at minimum, present housing production level, which includes approximately 600 units for farmworkers and other persons in agriculture.

The Department of Housing and Community Development has allocated 200 of its federal Section 8 units of existing housing for rural areas in non-HUD contract counties.

PROPOSED ACTIONS

- 1a. Legislation should be enacted to increase the revolving Housing Predevelopment Loan Fund from \$500,000 to \$1,500,000 and to give the Department of Housing and Community Development discretion to reduce or eliminate interest on the loans. This would assist in the construction of 400 additional low-income rural housing units every two years.

Proposed Appropriation, 1977-78: \$1,050,000, plus \$50,000 in each succeeding year for administration expenses.

- 1b. The Department of Housing and Community Development should utilize federal funds and a present building code study to develop improved self-help housing technology.

Cost: None

- 1c. Legislation should be enacted to create a Farmworker Housing Grant Fund. The Fund would make grants of up to 50% of the costs of construction or rehabilitation of housing for farmworkers, to be matched by federal monies, other cash investment, or in-kind contributions. Each \$1 million of the Fund would (on certain assumptions explained in Appendix II) result in the construction of approximately 56 permanent family units housing some 320 persons and approximately 110 units of seasonal housing for 660 single workers. To the extent that grants were used for rehabilitation rather than new construction, or that matching exceeded 50%, the Fund could stimulate a greater number of units per \$1 million. It is proposed that the Fund appropriated be in the range of \$2.5-10 million, with \$10 million recommended.

Proposed Appropriation, 1977-78: \$10,125,000, and the same in each of the four succeeding years.

- 1d. The California Housing finance Agency should generally allocate 23% of its new construction and 20% of its rehabilitation funds to rural areas, according to needs identified in the Statewide Housing Plan (Appendix C, Section 5).

Cost: None

- 1e. The Department of Housing and Community Development should work to increase HUD's allocation of Section 8 units to rural local housing authorities.

Cost: None

In addition to the above actions aimed specifically at farmworkers housing, several actions proposed in the Statewide Housing Plan could have a major positive effect on farmworker housing. These are (with the number each action bears in the Statewide Plan): 11a -- HCD to Study and make recommendations to the Legislature on a rental assistance program for very low-income households; 11b -- HCD to study and make recommendations to the Legislature on a Homeownership Assistance Program for low-income households; 12a -- urging the federal government to adequately fund its housing programs.

Seasonal Housing

POLICY 2 - IT SHALL BE THE POLICY OF THE STATE OF CALIFORNIA THAT AFFORDABLE AND DECENT SEASONAL HOUSING BE PROVIDED FOR MIGRANT FARMWORKERS AND THEIR FAMILIES.

CURRENT ACTIONS

Effective in January 1977, the Employee Housing Act permits issuance of a multiyear permit to operate a labor camp consisting only of single-family permanent housing. This has the effect of freeing inspection staff for other more urgent assignments. It also allows enforcement agencies to grant, under certain circumstances, two 30-day extensions to camp operators attempting in good faith to comply with enforcement orders; this flexibility is expected to reduce unnecessary closures of camps and avoid unnecessary displacement of farmworkers living in the camps.

Beginning in 1977, the Department of Housing and Community Development, through a grant from the federal Department of Health, Education and Welfare, will administer a program of sanitation assistance teams that will assist owners and operators of employee housing in maintenance and rehabilitation of their property, and provide outreach information services to farmworker occupants.

The Office of Migrant Services (of the Employment Development Department), is in charge of 2,120 housing units in 25 migrant centers throughout the State. With a 1977-78 budget of \$2 million State and \$1.5 million federal funds, it has begun an effort to rehabilitate or replace the units that are in the most serious condition.

PROPOSED ACTIONS

- 2a. The Employee Housing Act should be amended to extend coverage to include employer-owned labor camps and housing in unincorporated areas where only one employee is housed (at present it applies only where 5 or more are housed).

Cost: None

- 2b. Legislation should be enacted to establish a \$200,000 standby fund to provide emergency shelter for approximately 100 single farmworkers and families who might be displaced from substandard housing through enforcement of the Employee Housing Act.

Proposed Appropriation, 1977-78: \$200,000, plus the same in each of the succeeding four years.

- 2c. Legislation should be enacted to appropriate \$900,000 to build one or two demonstration migrant housing centers of approximately 50 units, testing mobile, modular, and/or prefabricated units using solar energy and other conservation techniques.

Proposed Appropriation, 1977-78: \$900,000.

- 2d. New housing units constructed by the State for migrants and their families should conform to the State Housing Law or to the Factory-Built Housing Law and should be located in acceptable sites.

Cost: None

- 2e. The Office of Migrant Services should be transferred from the Employment Development Department to the Department of Housing and Community Development, and 4 staff members added.

Proposed Appropriation, 1977-78: \$110,000, and the same in each of the succeeding four years.

Community Development

POLICY 3 - IT SHALL BE THE POLICY OF THE STATE OF CALIFORNIA THAT COMMUNITY FACILITIES AND SERVICES BE PROVIDED TO SERVE FARMWORKERS HOUSING IN CITIES, TOWNS AND VILLAGES, AND TO ENHANCE FAMILY LIVING FOR ALL RURAL RESIDENTS.

CURRENT ACTIONS

The position of Rural and Migrant Affairs Coordinator (in the Health and Welfare Agency) was established by executive order of the Governor to develop a plan of coordination and management between agencies and departments, assuring that programs are implemented in an integrated manner, and State policy is carried out in the particular departments.

In 1976, an interagency project was begun on Small Farm Viability Planning. The project group, during 1977, will make policy recommendations for executive and legislative action that "can be expected to materially increase the viability of small farms as productive and efficient units." The study is covering technology, natural resources, finance, training, marketing and community services.

The Department of Housing and Community Development (through Self Help Enterprises, on contract) is currently conducting a six-county sample on-site survey of farmworker housing and economic conditions. The results of this intensive survey will serve as a housing information base for program development.

An interagency task force has been established to inventory potentially-surplus State-owned lands and opportunities to assure that such lands are utilized and/or disposed of in ways consistent with State policies, including those of the Statewide Housing Plan.

PROPOSED ACTION

- 3a. The Department of Housing and Community Development, in co-operation with other State agencies and affected private interests, should make a one-year study of ways in which farmworkers can obtain access to agricultural land in order to become self-supporting in agriculture.

ESTIMATED COST OF ACTION
ITEMS IN FARMWORKER HOUSING ASSISTANCE PLAN

| Action # | 1977-78 | 1978-79 | 1979-80 | 1980-81 | 1981-82 |
|----------|----------------|----------------|----------------|----------------|----------------|
| 1a | \$ 1,050,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 |
| 1c | 10,125,000 | 10,125,000 | 10,125,000 | 10,125,000 | 10,125,000 |
| 2b | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| 2c | 900,000 | | | | |
| 2e | <u>110,000</u> | <u>110,000</u> | <u>110,000</u> | <u>110,000</u> | <u>110,000</u> |
| TOTALS | \$12,385,000 | \$10,485,000 | \$10,485,000 | \$10,485,000 | \$10,485,000 |

APPENDIX I - NEEDS

This Appendix is divided into two sections. The first presents what farmworkers themselves have to say about their living and housing problems. The second analyzes available statistical data and studies of the farmworker population.

Testimony on the Plan

The Farmworker Housing Assistance Plan underwent a series of nine public hearings during the fall of 1976.^{1/} The public hearings gave farmworkers the opportunity to speak for themselves. The desire for homeownership was repeatedly stated. In Calexico one man testified,

"We want ownership, ownership of where we live. Until the farmworkers have our own home and stay in one place, we will never really join into the way of life in the United States."

Testimony by hundreds of farmworkers throughout the hearings showed that the low incomes and lack of available affordable housing severely limited their ability to improve their lives and those of their children. Testimony included these statements:

"A veces tenemos la necesidad de sacar a nuestros hijos dos o tres días de la escuela para llevarlos a trabajar -- a cortar chiles, a pisar tomate. ¿Por qué? Para completar la renta."^{2/}

"El trabajador que vivé en una casa del rancho está sujeto siempre a lo que dice el patron. Actualmente todos sabemos que es casi imposible levantar la voz, exigir nuestros derechos. ¿Por qué? Porque sabemos la dificultad que hay para conseguir una casa. Si me corren de aquí, no tengo a donde ir. Y tenemos 4 hijos."^{3/}

^{1/} Hearings were held in Calexico, San Bernardino, Bakersfield, Oxnard, Salinas, Livingston, Fresno, Sacramento and Coachella. Summaries of the hearings are available through the Department of Housing and Community Development.

^{2/} "Sometimes we have to take our children out of school to work for two or three days -- to pick peppers or tomatoes. Why? To pay the rent."

^{3/} "The worker who lives in a house owned by the rancher always must do what the rancher says. Right now, all of us know that it's almost impossible to raise our voices to demand our rights. Why? Because we know how hard it is to find housing. If they evict me from where I live, I don't have anywhere to go. And we have 4 children."

As indicated in the statement above, large families have few alternatives for housing. Another problem brought out was that of the elderly farmworker. Long before the traditional retirement age of 65, the farmworker finds it difficult to secure employment without the physical strength of youth.

Along with others who testified to the elderly farmworkers' needs was the wife of an older man who is no longer able to work in the fields. He receives a very small disability allowance, but it is not enough to support the four children.

"Me dicen que no me hubiera casado con él, que no me hubiera casado con un hombre que ya no puede trabajar."4/

The difficulty of obtaining an affordable home through the Farmers Home Administration housing programs was illustrated by the following testimony from a woman in Merced County:

"I've lived in labor camps in this county for 28 years. The first time I tried to get my own house they told me that I had too many children and too many bills. Later on, I applied again, and again I don't qualify because I'm working as a community aide and making too much money. I applied for the third time, and I'm not qualified because I have no dependents and my husband is earning too much for just him and myself. I continue to live in the labor camp."

Many of those who testified spoke of housing conditions for migrant farmworkers. At the public hearing in Oxnard, a health inspector spoke about conditions in some labor camps:

"I've observed children die from improper sewage disposal. They play in it; they become sick. Some die, some don't."

At the public hearing in Sacramento which included many farmworkers from Sonoma County with others from Napa, Yolo, Santa Cruz and Monterey, a man testified about the desperate situation he and his family found last summer:

"Eramos más de 15 personas en un solo curatito, durmiendo en el suelo en pedazos de alfombra que nos hallamos. Los niños nos avisaban cuando llegaba el propietario de la casa y teníamos que salirnos para que no nos encontrara allí a todos."5/

He now shares a two-bedroom unit with 9 others. They pay \$250 per month rent.

4/ "They tell me that I shouldn't have married him, that I shouldn't have married a man that can't work any longer."

5/ "There were more than 15 of us in one small room sleeping on the floor on pieces of carpet that we found for ourselves. The children warned us when the owner was coming and we all had to get out so that he wouldn't find us all there."

The Farmworker Population

Present and Past

California agriculture has traditionally relied upon a large number of low-paid hired workers to cultivate and harvest its crops. Available statistics on the numbers and characteristics of the farmworker population must be viewed with caution, as they are estimations only.

To establish farmworkers' housing needs we must first determine how many farmworkers there are, and their employment characteristics. Table 1 shows the statewide 1976 average and peak season agricultural employment figures, by different categories of worker. These include farmers and unpaid family members, and the hired farmworkers, both year-round and seasonal; "seasonal" includes both local and migrant workers.

Table 1 shows that there is great seasonal variation in the number of seasonal farmworkers, both "local" and "migrant". As to migrant farmworkers, this fact has significance for the number of housing units needed. For local seasonal farmworkers it does not; a large percentage of these are housewives and students with year-round homes.

Table 1

Agricultural Employment by Type of Worker - 1976^{6/}

| | <u>TOTAL</u> | <u>FARMERS & UNPAID FAMILY</u> | <u>HIRED YEAR- ROUND</u> | <u>-----SEASONAL-----</u> <u>LOCAL & MIGRANT</u> | <u>LOCAL</u> | <u>MIGRANT</u> |
|------------------------------|--------------|--|----------------------------------|---|--------------|----------------|
| ANNUAL AVERAGE | 286,200 | 70,100 | 100,500 | 115,600 | 88,300 | 27,300 |
| % | 100% | 25% | 35% | 40% | 31% | 10% |
| PEAK SEASON ^{7/} | 375,600 | 75,200 | 108,800 | 191,600 | 136,900 | 54,700 |
| % | 100% | 20% | 29% | 51% | 36% | 15% |

Farmers and unpaid family members are a large but declining segment of the labor force, as indicated by Table 2. Table 2 indicates that over the past 26 years, the number of small farmers (and unpaid family members) has declined but the number of hired farmworkers has remained

^{6/} Statistics from State of California Employment Development Report 881-W.

^{7/} Peak farm employment season statewide is September.

steady. Many owners of small farms continue to sell their properties and move into other employment or retirement. This group is generally assumed to have less economic and housing need than the year-round and seasonal hired workers. And these hired farmworkers remain just as numerous in the 1970's as they were in 1950. Machines have not made the farmworker obsolete. He is still here, and will continue to need housing.

Year-round farmworkers are defined by the Employment Development Department (EDD) as those who are employed in agricultural work for more than 150 days per year. This group remains fairly stable in number (see Table 2), and shows a slight increase during the past five years. The continued dominance of large farm units and the development of more skilled agricultural jobs generate a consistent demand for permanent workers. Although their incomes are higher than the seasonal group, most year-round workers cannot afford home-ownership or standard private rental housing.

Seasonal farmworkers represent the largest group of farmworkers, 40% of the average total annual farm labor force. The size of the seasonal worker population fluctuates from a low of 71,000 in February to a high of 191,000 in September (1976 figures). Two-thirds of this work force consists of local residents. Dependent upon farm work for a major part of their annual incomes, these people often have difficulty obtaining decent low-cost housing on the private market.

Migrant seasonal workers represent a sizable portion of the total peak seasonal force (28.5% in 1976, higher percentages in other recent years). Migrant workers are defined as those who travel more than fifty miles across county lines to obtain agricultural work. Almost entirely Mexican-American in composition, this population plays an important role in the harvest of major crops such as lettuce, tomatoes, and grapes. The migrant workers have the lowest incomes and the most severe housing need of the farm labor population. Their constant movement and lack of an adequate income force the workers and their families to overcrowd into whatever is available.

The hired farmworker population contains a substantial number of undocumented workers (i.e., those without documents to establish a legal right to live and work here). The State Employment Department estimated their number at 122,000 in 1974. There is no way of ascertaining how many of each type of farmworker is undocumented, but they are likely to be concentrated in seasonal employment. Although only approximately 10% of the total undocumented work force in California (from Canada and Asia, as well as Mexico) is in the fields, it is numerous enough to depress the average agricultural wage rate and increase the unemployment rate among all farmworkers. This group of people from Mexico also increases the demand on the available low-cost housing supply during the peak harvest season.

TABLE 2
CALIFORNIA
AGRICULTURAL EMPLOYMENT BY TYPE OF WORKER

Annual Averages, 1950-1975

| Year | Total | Farmers and Unpaid Family | Hired Domestic | | | Contract Foreign ^{8/} |
|------|---------|------------------------------|----------------|---------|----------|-----------------------------------|
| | | | Total | Regular | Seasonal | |
| 1950 | 357,300 | 132,100 | 217,800 | 108,600 | 109,200 | 7,400 |
| 1951 | 356,000 | 128,000 | 208,600 | 107,100 | 101,500 | 18,600 |
| 1952 | 353,400 | 125,500 | 205,900 | 105,600 | 99,400 | 22,900 |
| 1953 | 359,300 | 122,200 | 211,800 | 104,200 | 107,600 | 25,300 |
| 1954 | 359,900 | 118,900 | 212,700 | 102,700 | 110,000 | 28,300 |
| 1955 | 366,800 | 115,400 | 211,200 | 100,900 | 110,500 | 40,200 |
| 1956 | 363,700 | 112,100 | 200,700 | 99,400 | 101,300 | 50,900 |
| 1957 | 357,700 | 108,800 | 196,000 | 98,000 | 98,000 | 52,900 |
| 1958 | 347,300 | 105,600 | 194,600 | 96,400 | 98,200 | 47,100 |
| 1959 | 345,500 | 102,200 | 195,500 | 95,000 | 100,500 | 47,800 |
| 1960 | 333,700 | 99,000 | 192,000 | 93,500 | 98,500 | 42,700 |
| 1961 | 329,000 | 96,700 | 197,300 | 92,000 | 105,300 | 35,000 |
| 1962 | 325,100 | 95,400 | 196,400 | 93,700 | 102,700 | 33,300 |
| 1963 | 318,400 | 93,900 | 196,500 | 93,500 | 103,000 | 28,000 |
| 1964 | 316,100 | 92,500 | 195,600 | 90,900 | 104,700 | 28,000 |
| 1965 | 302,600 | 90,600 | 209,200 | 90,300 | 118,900 | 2,800 |
| 1966 | 302,100 | 88,800 | 212,100 | 90,800 | 121,300 | 1,200 |
| 1967 | 292,400 | 84,900 | 207,000 | 92,200 | 114,800 | 500 |
| 1968 | 294,400 | 82,500 | 211,900 | 93,200 | 118,700 | 0 |
| 1969 | 291,100 | 80,600 | 210,500 | 94,400 | 116,100 | 0 |
| 1970 | 289,100 | 78,100 | 211,000 | 97,100 | 113,900 | 0 |
| 1971 | 287,300 | 76,500 | 210,300 | 96,200 | 114,600 | 0 |
| 1972 | 279,700 | 74,300 | 205,400 | 95,900 | 109,500 | 0 |
| 1973 | 281,500 | 71,400 | 210,100 | 96,500 | 113,600 | 0 |
| 1974 | 287,200 | 70,600 | 216,600 | 97,900 | 118,700 | 0* |
| 1975 | 285,900 | 69,800 | 216,100 | 99,200 | 116,900 | 0 |
| 1976 | 286,200 | 70,100 | 216,100 | 100,500 | 115,600 | 0 |

Source: State of California Employment Development Department Report 381-X.

*A relatively small number of Spanish sheepherders are employed under Labor Department Agreements.

^{8/} This column reflects the number of legally contracted workers brought into California under the "bracero" program. This program terminated in 1965. Within all categories of hired farmworkers are over 100,000 undocumented workers.

Future

Several recent trends in California agriculture indicate that the demand for farm labor will continue at a roughly constant level for the near future. A recent study conducted by Self-Help Enterprises examined these trends and projected a stabilization of the agricultural work force (California Farm Worker Housing, 1975). It projected also the gradual decline of the migrant sector as a result of increased demand for permanent farmworkers.

For the immediate future, however, the size of the migrant population is expected to remain stable. The study also concluded that within the next five years further developments in mechanization in crop harvesting will be limited and will not cause a large reduction in the migrant work force. A related finding of the study concerns a projected shift in the location of agricultural production. The rapid urbanization of coastal agricultural lands, insofar as it continues, will cause an increase in the use of available agricultural land in the San Joaquin Valley. This shift in production will intensify housing need in Fresno and adjacent counties where critical shortages of low-cost units already exist.

Housing Conditions and Needs

Income and Its Effects

The housing problems of California's farmworkers are directly related to their low incomes. For example, a 1974 EDD survey of migrants in State-operated labor camps determined their average annual income to be \$3,687.

The income distribution for farmworkers surveyed in this study is summarized in Table 3.

TABLE 3

Migrant Farm Worker Incomes

| <u>INCOME GROUP</u> | <u>% OF FAMILIES</u> | <u>CUMUL. %</u> |
|-------------------------|--------------------------|-----------------|
| \$ 0 - 2,000 | 25.5% | 25.5% |
| 2,000 - 3,300 | 13.5% | 39.1% |
| 3,300 - 4,700 | 14.9% | 54.0% |
| 4,700 - 5,900 | 11.8% | 65.8% |
| 5,900 - 7,100 | 9.3% | 75.1% |
| 7,100 - 8,300 | 6.9% | 82.0% |
| 8,300 - 9,500 | 5.6% | 87.5% |
| 9,500 - 12,000 | 5.9% | 93.4% |
| 12,000 - 16,000 | 4.4% | 97.8% |
| OVER 16,000 | 2.2% | 100.0% |

(Number of families in migrant camps = 2,799 -- EDD survey, 1974).

In 1976 a pilot survey of farmworkers in Yolo County found that permanently-located families had an average annual income of \$7,000. To obtain this income the head of the household worked annually for the same employer seven to nine months of the year, with wives and older children working during the 3-month peak harvest time. It was not uncommon to find families who had lived in the same community 10 to 20 years. Homeownership was a much desired goal. However, the typical housing situation was four to ten people living in run-down two-bedroom apartments or houses which rented for \$100 per month.

The same survey found that migrant families earned an average annual income of \$5,000. Their employment patterns, however, were similar to those of the permanent resident family. That is, many have been working six to seven months a year for the same employer for 5 to 10 years. Although they very much desired to live in the community as stable residents, they were unable to find a house or apartment they could afford.

Even the average incomes reported in these two surveys, which may be higher than those of the typical California farmworker, are too low to obtain decent housing. Graph 1 demonstrates the inadequacy of farmworker incomes in relation to housing costs, for the migrant workers surveyed. A standard market-rate unit in Fresno County, for example, costs much more than 25% of a farmworker's income. Federal fair market rent standards for subsidized housing in Fresno County, which are considered low by local housing officials, indicate that a three-bedroom unit rents for \$210 per month. Using the 25%-of-income standard as the maximum amount a family should spend for housing in order to maintain a decent level of living, this rent translates into an annual income of \$10,080. On the large ranches, a full-time salaried employee working as a tractor driver or an irrigator can expect to earn an annual income between \$8,400 and \$11,400.^{9/} However, most farmworkers do not have full-time positions and incomes in this amount. Consequently, they and their families occupy overcrowded, run-down rural housing and in most instances pay more than one-quarter of their incomes for housing.

Data based on U.S. Census 1970 shows that on a statewide basis, Mexican-American residents in rural areas experience a high incidence of housing deprivation in relation to the total population. Both statewide and in rural areas, the highest levels of overcrowding exist among Spanish-surnamed families. Statewide, 8% of all households were overcrowded, versus 23% of Spanish-surnamed households; in rural areas these figures were 11% and 32% respectively. Overcrowding rates were much higher statewide for Spanish-surnamed households with persons under 18; 51.5% of this group lived in overcrowded households. Similarly, rural Spanish-surnamed households lived in units which had an incidence of inadequate plumbing facilities four times as great as all households statewide. In addition, 45% of the Spanish surname units were substandard. Because most farmworkers are Mexican-Americans and rural residents, it can be inferred from the data that most agricultural workers occupy housing of inferior quality.

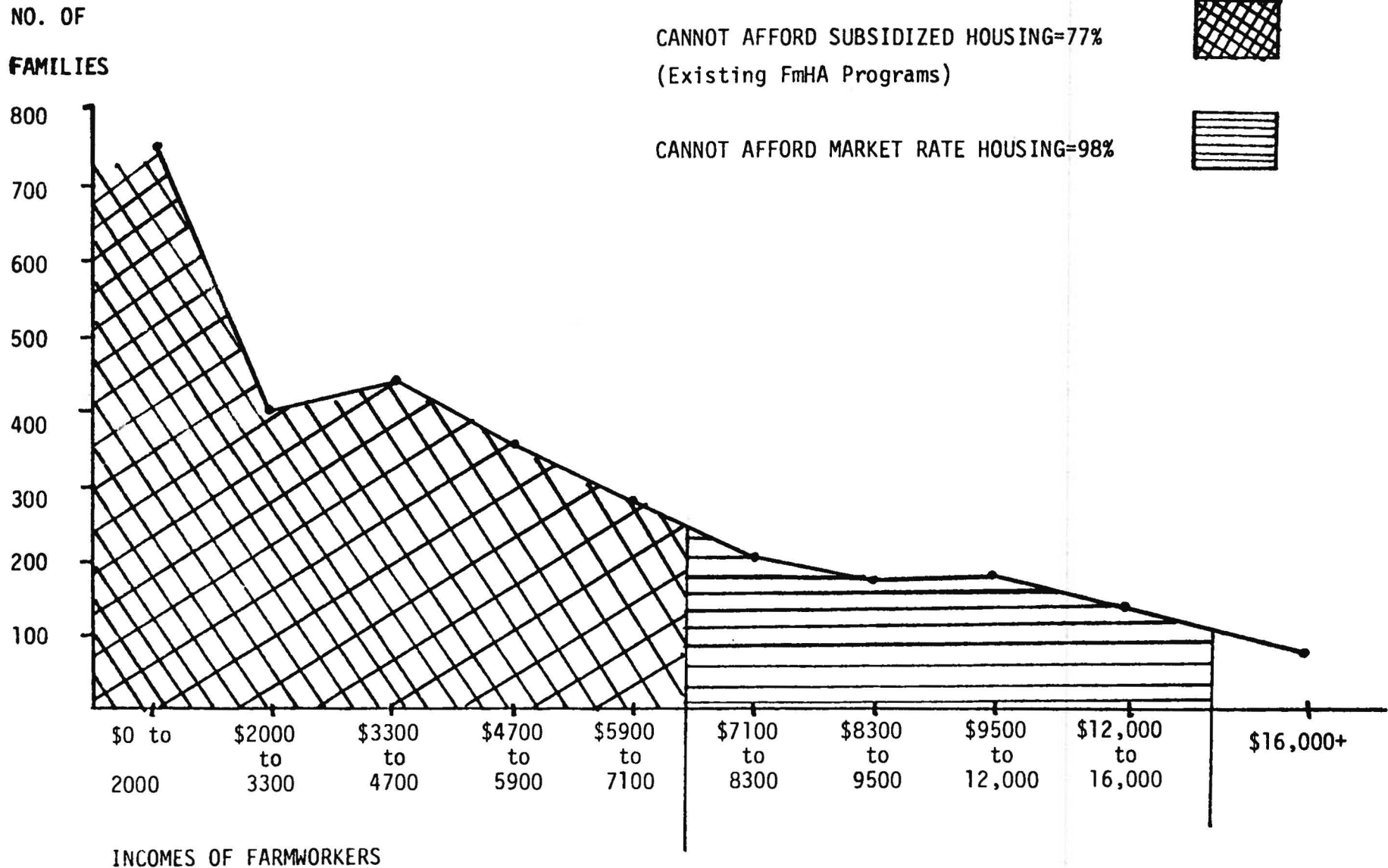
9/ Murrieta Farms, Fresno County.

GRAPH I

HOUSING COSTS AND MIGRANT FARMWORKER INCOMES IN CALIFORNIA

(Sample of 2947 families--1975 EDD survey)

State Migrant Centers



Available Housing Resources

Permanent existing State and local public housing units in rural areas are inadequate in number to meet the needs of the farmworker population. A survey of local housing authorities in 20 agricultural counties showed approximately 3,350 units available overall. The units are not necessarily reserved for or occupied by farmworkers. The federally funded housing programs barely touch the housing needs of farmworkers. In 1975 the Farmers Home Administration housing programs assisted no more than 3,800 units in California. Because of low incomes, most farmworker families do not qualify for the programs. Only 72 units were built under the farm labor housing program. At present, the only State-funded program that will assist in the construction of permanent housing units is a small predevelopment loan fund to be used in conjunction with federal programs.

Migrant

Migrant workers and their families, in particular, confront a critical housing shortage. Table 4 indicates the number of seasonal workers employed during the peak month compared to the number of State- and privately-owned migrant housing units available in 20 of the principal agricultural counties.

There are 25 State-operated migrant centers throughout California. This year the centers should have approximately 2,120 standard units available, which will provide housing for approximately 5,300 family workers. Most of the centers were constructed over 10 years ago with a building life expectancy of 5 years. This year the units in 2 centers are being replaced and the others are undergoing some type of rehabilitation effort. A recently concluded study recommends that 27 additional centers be built in order to meet at least 25% of the migrant families' housing need.

Most of the seasonal housing available for migrants is in employer-owned labor camps. As of December 31, 1976, 1454 camps with a capacity of 45,247 occupants had received permits to operate. Only a relatively small portion of this housing is available to migrants at any one time. Many camps are open from two weeks to one month for a particular harvest and then closed. Housing is also differentially distributed among the counties; the ratio of the number of migrants needing housing to the number of seasonal housing units varies greatly from county to county (See Table 4).

Farmworker families not successful in obtaining housing in legally-operating labor camps or in the State migrant centers must seek other sources of housing. They are forced to crowd into rundown hotels and motels in town, rented rooms in older homes, garages, back-yard structures, and illegal labor camps. The automobile or camping out becomes an emergency measure.

TABLE 4

NUMBER OF MIGRANT FARMWORKERS AT PEAK EMPLOYMENT MONTH, AND LABOR CAMP AND OTHER
HOUSING UNITS FOR 20 MAJOR AGRICULTURAL COUNTIES

| COUNTY | PEAK EMPLOYMENT MONTH | 1976 NUMBER OF MIGRANTS | STATE (EDD) SEASONAL UNITS | EMPLOYER-OWNED HOUSING UNITS ^{10/} |
|-------------------|-----------------------------|-------------------------------|----------------------------------|--|
| FRESNO | September | 15,680 | 200 | 2,943 |
| KERN | August | 3,500 | 200 | 4,078 |
| KINGS | July | 1,660 | -0- | 614 |
| MADERA | September | 2,000 | -0- | 966 |
| MERCED | September | 2,200 | 324 | 1,378 |
| MONTEREY | August | 790 | 81 | 5,553 |
| RIVERSIDE | December | 3,250 | 54 | 3,228 |
| SACRAMENTO | August | 1,530 | -0- | 1,420 |
| SAN BENITO | September | 1,810 | 70 | 378 |
| SAN JOAQUIN | June | 5,850 | 228 | 3,547 |
| SANTA BARBARA | July | 1,430 | -0- | 618 |
| SANTA CLARA | July September | 2,000 2,000 | 100 | 1,037 |
| SANTA CRUZ | June | 1,280 | 100 | 1,083 |
| SOLANO | September | 1,400 | 120 | 875 |
| SONOMA | September October | 510 510 | -0- | 505 |
| STANISLAUS | September | 3,100 | 224 | 936 |
| SUTTER | August | 730 | 100 | 603 |
| TULARE | October | 4,500 | -0- | 2,465 |
| VENTURA | September | 3,800 | -0- | 2,127 |
| <u>YOLO</u> | September | 3,800 | <u>163</u> | <u>1,451</u> |
| TOTAL 20 COUNTIES | | | 2,024 | 36,506 |

*Source: EDD 881-M Report, "Agricultural Employment Estimates 1976 and 1975";
HCD report "Employee Housing in California under Local and Division Enforcement
Issued Annual Permits to Operate", December 31, 1976.

^{10/} These units include both year-round and seasonal housing. Some units, because of different crop patterns, may not be open during the peak employment month. Therefore, these figures overestimate the number of units actually available for migrant workers.

Farmworkers and the Community

Finally, much of the housing currently available for farmworkers and their families prevents them from becoming members of the community. This includes nonmigrant farmworkers as well as migrant. Some employers provide housing on their property for their full-time employees, but such housing is usually located far from community facilities and amenities. The Yolo County survey found that former labor camps in outlying areas were another source of permanent housing for farmworkers. The housing had changed ownership from employer-owned to private rental. In town, run-down housing rented by farmworkers is frequently located in the sections with least adequate city services. Farmworkers are often socially isolated due to their low economic status and a differing cultural and language background. The local economy may be dependent upon the labor and trade of the farmworkers, but the farmworkers themselves are often not accepted as part of the community.

APPENDIX II - DETAILED ANALYSES OF PROPOSED ACTIONS

Action 1a. Amend Existing Predevelopment Loan Program

I. SUMMARY

The 1976 Legislature approved (AB 3623) the appropriation of \$500,000 for a revolving Housing Predevelopment Loan Fund, to be administered by the Department of Housing and Community Development for low-income housing in rural areas.

This proposal would increase the Fund to \$1,500,000 and give the Department discretionary authority to reduce or eliminate the interest presently required to be charged. Tripling the amount of the Fund would triple the number of housing units developed with Fund assistance, from 200 to 600 every two years.

II. ANALYSIS

The Housing Predevelopment Loan Fund was established by AB 3623 with a Fund balance of \$500,000 and an additional \$35,000 to pay the administrative expenses of the Department of Housing and Community Development. The fund is to be used for loans to public agencies and nonprofit housing corporations for predevelopment expenses (other than administrative) incurred in the process of and prior to securing long-term financing for construction or rehabilitation of lower income housing. Such predevelopment expenses include costs of: land option or purchase, engineering and architectural fees, and installation of water, sewer, drainage, and roads. Loans are repaid once long-term financing is obtained, so the Fund is revolving. In practice the fund is likely to be used in tandem with other sources of funds, particularly Farmers Home Administration; the joint venture approach to financing site development leverages federal money, and increases the number of sites that can be assisted by the fund.

Nonprofit organizations have limited funds for predevelopment costs, yet such investment is necessary in order to obtain construction financing for low-income housing. A predevelopment loan source enables nonprofit organizations to shorten substantially the amount of time necessary for acquiring land and for completing site development work. The net result is an increase in the rate of production of low-income housing by public agencies and nonprofit corporations.

A program similar to this Fund has been successfully operated with limited funds by the Housing Assistance Council (HAC), a national organization based in Washington, D.C. Since 1972, HAC seed money loans have led to the development of about 5,000 units, housing families with average incomes of \$4,500. The default rate has been only 1.7%.

It is estimated that the present California Housing Predevelopment Loan Fund will assist in the construction of 200 low-income rural houses every two years, but demand is such that the present Fund would be totally dispersed in the first three months of its existence. In view of an estimated statewide rural housing need of 284,000 units for replacement or rehabilitation, the Fund is very small, in fact too small.

It is proposed that the Housing Predevelopment Loan Fund be increased from \$500,000 to \$1,500,000 with an additional \$50,000 for administrative expenses. This action would increase the number of low-income rural houses assisted from 200 to 600 every two years.

The present fund charges users interest at the same average rate returned by the investment of State funds through the Pooled Money Investment Board, approximately 6%. It is also proposed to give the Department discretionary authority to reduce or eliminate the interest requirement. Reduction or elimination of the interest would assist some eligible applicants to serve very low-income families and would in effect, be an indirect subsidy to the very low-income family.

III. COSTS

Appropriation, 1977-78: \$1,000,000 + \$50,000 for staffing in this and each succeeding year.

Action 1b. HCD to Study and Develop Improved
Self-Help Housing Technology

I. SUMMARY

The Department of Housing and Community Development should seek federal funds for a study to expand present self-help housing efforts. This study would be coordinated with the proposed housing costs study (Statewide Housing Plan, Action 7a). Energy-efficient design, flexibility, suitability to the particular needs of the users, and low cost are key objectives for this project.

II. ANALYSIS

Low-cost, safe, decent, and sanitary housing for farmworkers is in short supply. The need for improved farmworker housing has been well documented. The basic obstacle is that the low average annual income of most farmworkers (\$6,000) prohibits them from participating on the open market for housing, and many are excluded even from the FmHA-subsidized housing programs. The willingness and ability of farmworkers and their families to use their own labor to construct a house as a means to cut down costs and at the same time exercise and demonstrate their independence are vital means of bridging the farmworkers income gap to good housing. The self-help programs in California have been providing the bulk of single-family farmworker housing over the past 12 years. The "sweat equity" of farmworker families has enabled them, in the typical case, to reduce the cost of house construction by about 40% and to reduce the amount of the mortgage by about 25%.

Constraints on established programs such as Farmers Home Administration 502 self-help program include: shortage of buildable lots in rural communities, difficulty of qualifying farmworkers with seasonal employment history for the program, at times lack of community support, and the length of time required for unskilled labor to build their houses. Nine to ten months of labor produces severe strain on the family. In 1975, FmHA approved 138 self-help 502 housing loans in California. In view of the need and the demand by farmworkers for adequate affordable housing, this is far too few.

The major problem facing self-help housing groups has been increasing difficulties in finding building sites in the rural communities in which farmworkers would like or need to live. The study will endeavor to identify methods to obtain suitable building sites.

Secondly, current self-help housing programs use self-help labor only on the construction of the house and not in the fabrication of building materials or in the development of the building sites, including sewer and water systems. In order to lower the cost even further, the study would look at all parts of the building methods to determine if there are additional areas where self-help labor could reduce the housing cost and/or building time. Such areas might be the actual fabrication of wall materials or the building of sewer and water systems that do not require the sophisticated labor now needed. Finally, the study should explore how to incorporate energy-saving design, materials and equipment into self-help programs.

Preliminary work has been accomplished at the University of California at Davis on designing a low-cost, energy-efficient house. The end product could result in cost savings from lower monthly heating and cooling bills, as well as from the use of less expensive materials.

In seeking federal funds, HCD will work cooperatively with the Office of Appropriate Technology which has a legislative mandate to study housing technologies and the conserving of scarce resources. HCD will investigate the research on new technology funded by the Department of Housing and Urban Development (HUD).

III. COSTS

Staffing and project costs will be borne by federal funds over the two-year period of the project.

Action 1c. Matching Grant Program for
Development and Rehabilitation

I. SUMMARY

This proposal would appropriate \$10,000,000 to establish a farmworker housing grant fund, with an additional \$125,000 for administrative expenses of the Department of Housing and Community Development, and would contemplate the same appropriation in each of the four succeeding years. The Department would make grants to nonprofit corporations, cooperatives, and local governments for the construction and rehabilitation of housing for farmworkers and their families. Grantees would be required to match the requested grants with at least an equal amount of federal moneys, other cash investments, or in-kind contributions. The farmworker housing grant fund program would have the effect of increasing the housing stock available for farmworkers and their families.

II. ANALYSIS

The need for housing for farmworkers in California is critical. Of an estimated annual average 216,000 farmworkers and their families, most have no shelter alternative other than costly, yet substandard, rented housing.

There are some special housing resources for farmworkers, but not nearly enough. Rural area housing authorities provide an estimated 4,000 units of permanent rental family public housing. Privately-licensed camps have a capacity of approximately 45,000 units, mainly for single workers. Most of these camps are not open and available for occupancy at any one time, and some are open for as little as two weeks for a particular harvest. Few of the private camps are suitable for families. This housing stock is declining as owners find they cannot economically maintain their camps at the health and safety standard required by the Employee Housing Act. Another 5,000 workers and their families are housed six months of the year in State-operated migrant centers.

The Department estimates there is a minimum need for 100,000 units of permanent resident housing and for 50,000 units of seasonal housing, particularly for migrant families.

At present there are no federal or State programs which are meeting farmworker housing needs to any appreciable extent. The Department of Housing and Urban Development (HUD) has no program specifically for farmworkers. Farmers Home Administration 502 homeownership and 515 rural rental housing programs are beyond the incomes of most farmworkers. The FmHA 515 program combined with HUD Section 8 has yet to be implemented in California. Only 400 units of existing-buildings Section 8 have been made available for this program.

The federal program that best meets the needs of the lower-income farmworker is the 514/516 grant/loan farm labor housing program. This program produces units that rent at between \$55 and \$125 per month, with residents paying for utilities. But only 1,365 such housing units have been produced in California since the program began here in 1966, and at present funding levels California can expect to build only approximately 145 new units under this program in 1977.

The California Housing Finance Agency, created in 1975, is not funded for grants or subsidies for local housing sponsors. Because it is required by law to be self-supporting, there is no possibility that the interest rates charged by CHFA will be low enough to finance housing that farmworkers can afford.

It is proposed to establish a California Farmworker Housing Grant Fund, to be administered by the Department of Housing and Community Development. Grants would be provided to local public entities and nonprofit corporations for use in construction or rehabilitation of housing for farmworkers and their families with the following condition: that grants must be matched by grantees with at least equal amounts of federal moneys, other cash investments, or in-kind contributions.

It is estimated that if the \$10,000,000 is used for new construction, if grantees provide only the minimum match, if half of the funds are used for construction of permanent housing and half for construction of housing for seasonal use, then this program will result in at least the construction of 560 permanent family units housing some 3,200 persons and 1,100 units of seasonal housing for 6,600 single workers. These figures represent a bare minimum production estimate since they assume all new construction and minimum 50% matches by grantees. To the extent that rehabilitation is undertaken, the amount of units affected by the program and made available for farmworker use will increase substantially. In addition, the grant program would have the flexibility to use a variety of mechanisms to facilitate production of housing at minimal State investment.

Making grants to help housing sponsors qualify for other long-term funding of larger amounts, assisting self-help housing, lowering (by use of grants) mortgage amounts and, as a result, monthly payments on mortgages, among other techniques, would enable the fund to trigger building of more housing units than these minimum production estimates.

III. COSTS

| | |
|---|---------------------|
| Program Costs | \$10,000,000 |
| Staffing Costs | 125,000 |
| Proposed Appropriation 1977-78: | <u>\$10,125,000</u> |
| and in each of the four succeeding years. | |

Action 1d. California Housing Finance Agency
(CHFA) Funding for Rural Areas

I. SUMMARY

The California Housing Finance Agency should assure that not less than 23% of the housing units of new construction, and not less than 20% of the housing units to be rehabilitated with HFA financing, are located in rural areas. Rural activity of the CHFA should emphasize meeting the needs of the lower-income population, particularly farmworkers, insofar as possible with available federal and State subsidies.

II. ANALYSIS

Legislation establishing the California Housing Finance Agency directed it to balance its activity between metropolitan, non-metropolitan, and rural areas of the State in general proportion to the needs identified in the Statewide Housing Plan (Health and Safety Code Section 41495). CHFA currently has a contract with HUD for 2,200 units or approximately 11 million dollars in Section 8 assisted housing program money. These units should be appropriately allocated. The following table from the Statewide Housing Plan (Appendix C, Table 5-1) identifies the proportion of the Current New Construction Need, Housing Rehabilitation Need, and Housing Assistance Need Located in Metropolitan, Non-metropolitan, and Rural Areas.

| Area | Current New Construction Need (in %) | Rehabilitation Need (in %) | Housing Assistance Need* (in %) |
|-----------------|--|----------------------------------|--|
| Metropolitan | 76.0 | 78.5 | 80.0 |
| Nonmetropolitan | 1.5 | 1.5 | 1.5 |
| Rural | 22.5 | 20.0 | 18.5 |
| TOTAL | 100.0 | 100.0 | 100.0 |

It is difficult to quantify the housing needs of rural lower-income households. However, analysis by the Department of Housing and Community Development and of the 1970 Census indicates that housing problems of disproportionate severity characterize this portion of the State's population. Although only 15% of the State's housing is located in rural areas, the rural areas also contain:

*This column headed Housing Assistance Need refers to the percentage of those low- and moderate-income households that are paying more than 25% of their incomes for housing.

26% of all substandard housing;
38% of all housing with inadequate heating equipment;
28% of all unheated housing;
25% of all housing with inadequate plumbing;
19% of all overcrowded households.

Mexican-Americans have particularly acute housing problems statewide and in rural areas. The 1970 census found that: Statewide, 8% of the households were overcrowded, versus 23% of Spanish-surname households; in rural areas the figures were 19% for all households and 32% for Spanish-surname households. Spanish-surname families are similarly disproportionately represented among households with other housing problems. For example, in 1970, rural Spanish-surname households had housing with inadequate plumbing facilities four times more often than all other households statewide and more than twice as often as other rural households.

In summary, California rural low-income households and particularly farmworkers, represent a microcosm whose housing needs are severe and disproportionate to the remainder of the State's population. Based upon the information supplied by the Statewide Housing Plan, it is recommended that the CHFA allocate 23% of its new construction and 20% of its rehabilitation funds to rural areas. In addition, the CHFA should emphasize meeting the needs of the lower income rural population, particularly farmworkers, according to availability of federal and State subsidies.

III. COSTS

None.

Action 1e. Seek Increases of Section 8
Allocations for Rural Areas

I. SUMMARY

The Department of Housing and Community Development should identify and demonstrate to the Department of Housing and Urban Development and to local rural housing authorities the need to increase allocations of HUD Section 8 "housing assistance payment program", to insure additional rental housing opportunities for farmworkers and their families.

II. ANALYSIS

At present, rural housing authorities offer approximately 4,000 units of permanent rental housing for low-income families; only some of these units are occupied by farmworkers. The HUD Section 8 program provides rent subsidy to low- and moderate-income households, not the dwelling unit. Farmworker households can rent newly constructed, rehabilitated or existing units and receive the benefits of the Section 8 program. Low-income tenants pay 15-25% of their gross income toward the contract rent. Contract rents are set by HUD in relation to an established "fair market rent" for each area. The administering housing authority makes a monthly payment to the owner which is the difference between the tenant's payment and the contract rent.

Several obstacles exist to using the Section 8 program in rural areas. Sufficient incentive is not available to attract lenders to participating in the program. Additionally there is often a shortage of private developers with experience and resources in the rural areas. Obtaining financing at a reasonable rate can be a major problem.

Problems also exist at the federal level. HUD has historically been urban-oriented in their programs. HUD's regional and area offices are usually located in a major city, causing delays in processing and unfamiliarity with rural housing problems and needs.

The financing obstacle is not easily dealt with in the rural areas. There is little incentive to build because the Section 8 subsidy is not available until the work is completed: in order to build or rehabilitate the unit, the owner must obtain his own construction and takeout financing, and this is usually difficult in rural areas. Only 400 Section 8 units have been allocated to housing built under the FmHA 515 program. Many more are needed. Using both federal programs is difficult due to difficulties inherent in combining two complex programs.

A suggested alternative way of utilizing the Section 8 program is to develop housing cooperatives. Cooperative conversions are permitted under the Section 8 Regulations when the HUD field office Director determines that the best use of the property would result from cooperative housing ownership.

III. COSTS

No staffing or administrative costs are anticipated beyond present levels.

Action 2a. Legislation Extending Coverage
of Employee Housing Act

I. SUMMARY

Coverage of the Employee Housing Act should be extended to include employer-owned labor camps, and "commissary camps" which are defined as housing in unincorporated areas where one or more agricultural workers is housed. Present law requires the presence of five or more employees in employer-owned housing before the regulations of the Employee Housing Act can be applied. This amendment would reduce that number to one, and in addition include all units in unincorporated areas which house agricultural workers but are not owned by them.

II. ANALYSIS

During the peak season of September, 1976, the State Employment Development Department estimated that 300,400 farmworkers including almost 55,000 migrant workers^{1/} were employed in California agriculture. Migrant workers in particular must rely on employer-provided or rental housing in agricultural areas for their shelter needs. The provisions of the Employee Housing Act cover only those employer-owned labor camps that house 5 or more employees. As of December 1976, 1,454 employer-owned labor camps with a capacity of 45,000 occupants had received permits to operate under the Employee Housing Act. However, most of these camps are not open and available for occupancy at any one time. Some are open for as little as two weeks for a particular harvest. Many thousands of workers must seek housing elsewhere.

Investigations by the Department of Housing and Community Development and the Department of Health show that agricultural workers and their families are subject to serious and hazardous housing conditions which are either not covered by the Employee Housing Act or because of the nature of the Act elude inspection efforts. Sources of abuses are: (1) employer-owned single family housing which may house one or many more workers unknown to the enforcement agent of the Employee Housing Act; and (2) non-employer-owned rental housing, including commissary camps most of which were constructed prior to 1964 during the time of the bracero program; these camps, located in unincorporated agricultural areas, are now owned by private individuals who rent to farmworkers.

^{1/} The number of migrant workers fluctuates from year to year. In 1975, there were almost 70,000.

The rules and regulations of the State Housing Law apply to all privately-owned housing rented for farmworkers and not covered by the Employee Housing Act. However, there is generally lax enforcement of the State Housing Law by local government as it pertains to existing buildings because of cost of enforcement, lack of local staff, lack of public interest, and public attitudes concerning property rights.

Another important factor is that housing code enforcement is rarely applied to occupied single-family homes unless it is part of a comprehensive federally-aided neighborhood improvement program. This is because code enforcement on rental units inhabited by low-income people usually results in rent increases due to the costs of repairs. Most local housing code enforcement takes place in conjunction with the availability of federal funds which provide low-interest loans or grants for rehabilitation. For these reasons, the Housing Code of the State Housing Law is a poor enforcement instrument for assuring adequate health and safety standards in existing housing occupied by agricultural workers.

The Employee Housing Act is a much more effective enforcement instrument for assuring adequate health and safety standards for existing housing units in labor camps. It entails registration of the camp and an inspection verifying health and safety conditions before a permit to operate is granted. The enforcing agency -- the State's Department of Housing and Community Development -- also responds to reports concerning substandard labor camps and complaints.

This amendment would extend the coverage of the Employee Housing Act to include both employer-owned labor camps and housing owned by others in unincorporated areas where one or more employees is housed. It would extend the provisions of the Act to include those categories of housing which now constitute the majority of substandard and unhealthy housing stock for farmworkers and their families.

III. COST

No additional appropriations are anticipated at this time. HCD's present staff could handle the additional enforcement load.

Action 2b. Emergency Shelter for Displaced
Labor Camp Tenants

I. Summary

A fund for providing emergency shelter should be established for farmworkers displaced from substandard labor camps through enforcement of the Employee Housing Act. Presently, a critical dilemma for the Department of Housing and Community Development is how rigorously to enforce the Act if there is no alternative housing available in the area. Closure of labor camps, even ones that are substandard, forces migrant workers to seek worse housing not covered under the Act.

II. Statement of the Problem

According to the Employment Development Department, there were an estimated 55,000 migrant workers in California during the peak month of September, 1976.^{1/} The major portion of available seasonal housing for migrant workers is within the employer-owned labor camps.

In 1965 the Employee Housing Act replaced the old Labor Camp Act, and the Department of Housing and Community Development became the enforcing agency. The Employee Housing Act does not require an employer to provide housing; however, if housing is provided, it must meet minimum standards of health and safety -- i.e., the standards of the State Housing Law.

Since January 1, 1975, any person operating a labor camp has been required to obtain on an annual basis, a permit to operate a camp.^{2/} The initiation by HCD of a more rigorous inspection program in connection with permit issuance caught many labor camp operators unprepared. Present HCD policy is to attempt to persuade each owner of employee housing to maintain the property and obtain a permit to operate. Camps operating without a permit are illegal and subject to fine.

In 1969 there were over 4,700 labor camps registered in the State. As of December, 1976, 1,454 employer-owned labor camps had received permits to operate under the Employee Housing Act. No doubt many of the camps operating in 1969 have been closed by the owners because they could not meet the standards of the Act. However, some are still operating without seeking a permit.

^{1/} The number of migrant workers fluctuates from year to year. In 1975, there were almost 70,000

^{2/} Effective January 1977, labor camps consisting of single family housing will be eligible for multi-year permits after one year of successful operation (AB 2937, Chapter 1334 of 1976).

The principal dilemma for HCD is how rigorously to enforce the Employee Housing Act if there is no alternative housing available in the area for farmworkers. The present law and regulations demand strict standards and enforcement, which is a factor in the decision of some growers to close their camps rather than rehabilitate them. When this happens migrant farmworkers are usually forced to seek substandard housing which is not under the Employee Housing Act.

The need for emergency shelter was demonstrated last year (1976) when 45 families in Santa Clara County were removed from a farm labor camp designed for summer use. The families were living there during the winter months using a gas hot plate for heat. The poisonous fumes from the hot plate could eventually have caused a death. The families were in no position to afford alternative housing even if any were available in the area. Fortunately in this particular case, a near-by State-operated migrant center was opened on an emergency basis for the families.

Such situations occur in areas where enforcement of the Employee Housing Act has been lax for a long time, and is now becoming stricter, and in areas where the housing shortage is such that available housing is used for purposes for which it was not intended.

The Department estimates a yearly emergency shelter need for at least 100 workers and families. This need will continue for the foreseeable future.

This proposal would establish an emergency shelter fund of \$200,000, administered by HCD, for the costs of temporary housing for farmworkers displaced from substandard labor camps through enforcement of the Employee Housing Act. Such shelter could be trailers that could be quickly rented or purchased for immediate use, or it could be prefabricated units that could be easily put up for this purpose. The Department of Housing and Community Development would administer the fund.

III. Cost

| | |
|--------------------------------------|------------------|
| Program Cost | \$168,000 |
| Staffing Cost | 32,000 |
| Proposed Appropriation, 1977-78: | <u>\$200,000</u> |
| and the same in each succeeding year | |

Action 2c. Demonstration Migrant Housing Center

I. Summary

The Department of Housing and Community Development should develop one or two demonstration migrant housing centers (50 units total, housing 250 people) in cooperation with local government and growers. Units tested would be mobile, modular, or prefabricated, using solar energy or other energy-conservation techniques, if possible. Such centers would be provided with appropriate support facilities and located in acceptable living sites.

II. Analysis

There is an estimated need for 50,000 units of seasonal housing for migrant workers and families. During the past three years, the average number of workers hired during the peak employment month of September has varied between 55,000 and 70,000. A recently concluded study by the Office of Migrant Services indicates no decrease in this labor force for the foreseeable future.

Most of the seasonal housing available for migrants is in employer-owned labor camps, but this housing stock is decreasing. There has been very little new construction of such camps during the past six years. Moreover, large numbers of camps do not meet the standards of the Employee Housing Act and, because of the expense of rehabilitation, employers prefer to close or destroy such camps rather than bringing them up to standard. During the past six years, the number of housing units in labor camps has decreased by over 60%. Conservation and, if possible, encouragement of new construction for the employer-owned housing stock is of critical importance to prevent further depletion of this supply.

The State, through the Office of Migrant Services, operates 25 migrant centers which house approximately 10-15% of the families needing shelter. These centers contain a total of 2,118 living units; of these approximately 42% must be replaced within the next 3 years, and the remainder are in need of upgrading or rehabilitation. The Office of Migrant Services' study recommends the eventual replacement of all units and the construction of 27 new centers, to provide housing for 25% of the families that need it. This study recommends that all sectors of the economy must be involved in order to meet the existing and future migrant housing demand. Private (growers, unions, lending institutions and other similar interests), public (local, city, county, regional and State) and community (grower associations, regional groups, development cooperatives, rural cooperatives and chambers of commerce) sectors should establish a partnership to finance and manage the improvement and development of migrant housing. This proposal seeks to encourage that partnership.

It is recommended that the State allocate \$900,000 from the General Fund for one or two demonstration migrant housing centers to be located in acceptable sites in areas of high need. Several potential sites belonging to local housing authorities have been identified that are already served by utilities and amenities such as child care facilities, school bus service, and library services (bookmobile).

A variety of possible unit types and designs could be tested through such a demonstration project. These include: "mobile home units" built in conformity with federal standards, but designed especially for migrant worker needs; "modular units" built in conformity to the State's Factory Built Housing Law; and "on-site fabricated units" built in conformity with applicable building codes. These units would utilize construction techniques and systems which minimize costs but meet the social and environmental needs of the occupants. In addition, the design of the units would attempt to utilize solar energy or other energy conservation techniques. A successful demonstration project would aid and encourage further cooperative efforts among the private, public and community sectors.

III. Costs

At an approximate per unit cost of \$17,400, which includes site development and construction, approximately 50 units could be built (25 units in each of two locations).

| | |
|------------------------|---------------|
| Program Cost | \$870,000 |
| Staffing Cost | <u>30,000</u> |
| Proposed Appropriation | \$900,000 |

Depending on the results of this proposed demonstration project, and as recommended in the Office of Migrant Services Report, future appropriations will be requested for rehabilitation, reconstruction and replacement of existing migrant camps.

Action 2d. New Migrant Center Housing to
Conform to State Housing Code

I. SUMMARY

This proposal recommends that new housing units constructed by the State for migrant farmworkers conform to the State Housing Law or, if appropriate, the State Factory Built Housing Law, and offer flexibility in size to accommodate comfortably different family sizes. It moreover recommends that such units have internal temperature controls and be located at sites which promote a satisfying living environment.

II. ANALYSIS

Ten years ago, when the State initiated the migrant housing program, the sense of urgency felt by the staff along with demands for immediate construction of the centers led to selecting locations and designing buildings without comprehensive planning. Moreover, the housing units were designed with a life expectancy of only 5 years -- there was, at that time, no perception that migrant labor would be needed in the State beyond those five years. Now, over ten years later, most of those "temporary" buildings are still in use.

During the public hearings on the Farmworkers Housing Assistance Plan in the fall, 1976, testimony was received on the need for more comfortable and suitable living quarters in the State-operated migrant centers. A study of the centers initiated by the Office of Migrant Services includes the recommendations stated in this proposal.

The State of California, in particular the Office of Migrant Services, has the responsibility of insuring decent housing for migrant farmworkers. Many labor centers are located in areas with summer temperatures in the 100's. Lack of trees and insulation makes the installation of air conditioning a necessary requirement for "decent" housing in these areas. If this is not feasible due to costs, it is mandatory to provide evaporator coolers, insulation or an acceptable alternative to cool the units. Such equipment would be removable and reusable.

Bringing the dwelling units into conformity with the State building codes will improve the quality of housing offered migrant families. Housing units in the present State migrant centers are two-bedroom units, ranging in size from 320 square feet to a maximum of 510 square feet. As the average farmworker family consists of five or more persons, overcrowding is frequent.

III. COSTS

The responsibilities involved in carrying out this action would require four additional staff members for the Office of Migrant Services. See Proposed Action 2e., Transfer of Office of Migrant Services to HCD.

Action 2e. Transfer of Office of
Migrant Servies to HCD

I. SUMMARY

It is proposed that the Office of Migrant Services, now part of the Department of Employment Development, be transferred to the Department of Housing and Community Development. This would place operation and replacement of the State-operated migrant centers in the Department that already has expertise on and responsibility for the condition of farmworker housing.

II. ANALYSIS

Responsibility for the maintenance and operation of farmworker housing is now divided between the Department of Employment Development and the Department of Housing and Community Development. The result is duplication of effort for the provision of safe, sanitary, decent and well-located public and private farmworker housing.

This proposal would transfer the Office of Migrant Services from EDD to the Department of Housing and Community Development and appropriate \$110,000 to add four staff members needed to operate the migrant center program. The transfer conforms with a report by the Legislative Analyst's Office which recommends that "the Migrant Master Plan program and personnel be transferred to the Department of Housing and Community Development (HCD) as soon as administratively feasible...".

The Migrant Services Program located within the Employment Development Department has as its main objective the provision of temporary housing and related services for migrant farmworkers and their families during the peak harvest season. As part of the Migrant Services Program, EDD administers the California Migrant Master Plan and prepares an annual report of program activities. In addition, as discussed in Action 2d., the Office of Migrant Services has recommended that all of the migrant housing that it is responsible for be either rehabilitated or replaced within the next three years.

The responsibilities of the Department of Housing and Community Development include the development and enforcement of adequate statewide building and housing standards, and the administration of regulations which pertain to the Employee Housing Act. The Employee Housing Act sets minimum health and safety standards for housing units in the employer-owned camps.

Many activities of the Department of Housing and Community Development relate to farmworkers and their housing and community development needs. Expertise on HCD's staff includes research and planning, housing construction, and housing and community development implementation. The very active rural development programs of the Department obtain and leverage federal monies with State resources to aid farmworkers

and rural communities. The housing construction and code standards expertise can be immediately used on the urgent problem of rehabilitating and replacing housing units in the migrant centers. Expertise in planning, construction and community development can then be focused on the planning and construction of new centers. The result will be a coordinated and comprehensive approach to the needs of the migrant farmworker population.

In addition to the transfer, this proposal recommends that the Office of Migrant Services add 4 positions on its staff in order to plan and effectively oversee the reconstruction/rehabilitation project and the ongoing operation and maintenance of its program. The Office of Migrant Services is responsible for 25 housing centers and a total of 2,118 housing units. The Office must contract for their operation with 14 different county-level agencies, each of which has its own policy and program goals, and must deal with at least six regional agencies for the operation of day care facilities in each center. The relationship of the Office of Migrant Services to each of these agencies is on a one-by-one basis; it does not lend itself to the simple procedure of promulgating uniform regulations, but more frequently requires lengthy personal involvement on the part of its staff with centers spread from the Oregon border to Bakersfield.

III. COSTS

Proposed appropriation, 1977-78, for staffing costs is \$100,000, and the same in each succeeding year.

Action 3b. Farmworker Self-Support Study

I. SUMMARY

The Department of Housing and Community Development, in cooperation with other State agencies and affected private interests, should make a one year study of ways in which farmworkers can obtain access to agricultural land in order to become self-supporting in agriculture.

II. ANALYSIS

At the present itme, most farmworkers and their families are dependent upon a way of life that does not allow them sufficient opportunity to improve their lives. Low and uncertain incomes, with attendant problems of low education, for many a different language, plus the lack of affordable housing and alternate economic opportunities, severely hinders their ability to control their own lives.

This proposal, along with Action 1b. on self-help housing, would use already existing skills and the ability of farmworkers to help themselves given the opportunity.

The proposed study would build upon the Small Farms Viability Planning Project now underway and due to be completed about August, 1977. It would look at some of the practical obstacles and opportunities involved in actually acquiring land for farming by men and women who are now hired farmworkers, both at permanent locations and migrant.

Among specific areas to be studied would be:

1. Types, amounts and locations of surplus or under-utilized State lands potentially available.
2. Traditional and innovative methods to finance acquisition of agricultural land.
3. Settlement patterns -- when cities, towns or villages are in existence within reach of farms, and when they are not -- and resulting needs for infrastructure and services.
4. Innovative ways of acquiring use of land for farming (other than straight purchase of private farms or surplus State lands).
5. Under what circumstances individual small farms are preferable and under what circumstances cooperative efforts by small farmers are preferable.

HCD, as lead agency on this study, would consult with an advisory group of other interested State agencies, such as EDD, Finance, Agriculture, Resources and State Lands Commission, and others. In addition, HCD would advise and consult with affected groups such as farmworkers, lenders on agricultural produce and farms, etc.

III. COSTS

There should be no or minimal cost to the State. Funds for the study should be obtained from either federal sources (Department of Agriculture, Department of Commerce-Economic Development Administration, and/or Community Services Administration - Office of Economic Development), or foundation sources, or both. The study should be made primarily by consultants and should be completed in 12-15 months from beginning. It should cost \$125,000 to \$150,000, including reimbursement for HCD staff support and direction.

APPENDIX III - FEDERAL AND STATE HOUSING PROGRAMS FOR FARMWORKERS

This appendix is divided into two sections. The first section describes and assesses the effectiveness of federal housing programs in meeting farmworker housing needs. The second section describes the various State laws and institutions which directly affect the housing needs of farmworkers.

Federal Housing Programs

Farmers Home Administration

Farmers Home Administration (FmHA) of the Department of Agriculture is the primary housing agency for nonmetropolitan America. FmHA is authorized to make loans only in "rural areas".^{1/} Until 1974, "rural areas" was defined as open country, or any place, town, village, or city having a population less than 10,000. The definition has now been expanded to include those cities having a population in excess of 10,000, but not more than 20,000, if they are not within a standard metropolitan statistical area (SMSA), and have a serious lack of low-income mortgage credit as determined by the Secretary of Agriculture and the Secretary of Housing and Urban Development.

The FmHA administers several housing programs which have potential benefit for farmworkers. FmHA makes direct loans to individuals for purchase of an existing or newly constructed house, or for repair of a home owned by a low-income occupant. FmHA also makes grants and loans to organizations for the development of housing for sale or rental to low-income families.

Loan applicants have to be rural residents and unable to obtain a conventional loan. Loan applicants for programs designed to meet the needs of lower-income persons must meet income limitations; the national ceiling for adjusted income is \$12,900.

Following is a brief summary of the major FmHA loan programs of relevance to farmworkers.

1. Section 502 - Homeownership

The basic homeownership program of the FmHA is known as Section 502. This program provides direct loans to individuals at market interest rate (currently 8%) over a 33-year term, with no downpayment. The loans can be used for purchase of a newly-constructed or existing house. The loan can also be used to pay the costs of bringing a house up to standard, whether it is being purchased or is already occupied.

^{1/} An exception is that loans and grants under the FmHA 514/516 program can be made to qualified organizations in any jurisdiction.

While there is no formal ceiling on the amount of funds an applicant can borrow, the top amount is effectively limited to what an eligible family can afford and by the stipulation that the housing must be "modest" in size, design and cost. FmHA has interpreted this to mean no more than 1,300 square feet, except to meet the needs of large families.

For applicants whose adjusted income is under \$10,000, the interest rate on the loan can be lowered to as little as 1% through interest credit payments by FmHA. The level of the interest rate, between 1% and market rate, is determined on the basis of how much an applicant can pay for mortgage payment, taxes and insurance with 20% of adjusted income.

Despite the subsidized interest rate available, in California the 502 Program generally serves only those persons with an annual income of approximately \$7,300. This income level is the minimum necessary to meet the mortgage debt service and monthly operating cost requirements.

2. Section 502 - Self-Help, with Section 523 - Technical Assistance Grants

Nonprofit corporations utilizing the 502 Program by the self-help method are funded through 523 Technical Assistance grants. The individual families obtain a 502 loan, but they reduce the cost of the home through their own work efforts. That is, a group usually consisting of six to twelve families works cooperatively in constructing their own houses. Savings in construction costs may run as high as 30%.

FmHA Section 523 technical assistance grants may be provided for organizations which organize and assist the self-help families. The 523 grants can be used to hire personnel, pay office expenses and purchase office supplies; pay workman's compensation, liability insurance, the employer's share of social security, and travel expenses; purchase power tools to rent to participating self-help families; and pay fees for training, or for technical and consultant services.

In providing "technical assistance", groups are expected to recruit families; explain homeownership, including payment of taxes and insurance; offer preconstruction training; assist families in selecting house plans and in obtaining cost estimates; help in the preparation of loan applications, and provide technical supervision and training for families while they construct their homes.

This technical assistance program, however, has been inadequately supported by Farmers Home Administration.

3. Section 504 - Home Repair

Loans under Farmers Home Administration's Section 504 Home Repair Program are provided to make housing safer and healthier for occupants. It is not necessary to bring the house up to code to participate in this program. FmHA Section 502 Program may also be used for rehabilitation, but only if the house is brought up to code.

The addition of cooking and/or toilet facilities is a frequent purpose of FmHA 504 loans. Other eligible improvements include repairing roofs, supplying screens, and repairing or providing structural supports. Rooms can be added to existing dwellings if they are needed to remove hazards to the health of the family. Water or water disposal systems that are installed must meet local health department standards.

All Section 504 repair loans are made at 1% interest with up to 20 years for repayment. The maximum loan amount is \$5,000.

Existing legislation authorizes FmHA to make home repair grants or combination grant/loans for those unable to afford even a 1% loan. The grant authorization was first implemented in fiscal 1977, and only for elderly.

One Section 504 loan was made in California in 1975.

4. Section 514/516 - Farm Labor Housing

Farmers Home Administration administers a special program of loans and grants for farm labor multi-family housing. Section 514 provides loans for up to 33 years, at a minimum of 1% interest, to farmowners, farmowner associations, and nonprofit or public agencies. Section 516 provides grants of up to 90% of the project cost to nonprofit or public agencies only. Applications for loans and grants from public agencies receive highest priority. Rents charged must be sufficient to repay the loan and take care of operating expenses. Rents vary considerably but average \$90-\$120 per month in the newest projects.

The grant portion (516) of the program was funded by Congress for \$7.5 million for the entire nation in fiscal year 1976. Two projects totaling 72 units were constructed in California that year.

5. Section 524 - Site Loan Program

Many well intentioned groups attempting to provide single family housing at low cost are stymied at the beginning because they are unable to borrow the money necessary to purchase land and develop it with adequate water and sewer facilities. To meet this need, the Section 524 site loan program was established. Public and nonprofit organizations are eligible borrowers of these funds, loaned at market rate with 2 years to repay, as long as the houses to be constructed on the developed lots can be afforded by families within FmHA income limits.

This program, however, is not utilized extensively because front end funds are not available for the engineering and architectural work necessary to secure the development loan.

6. Section 515 - Rental Housing

Farmers Home Administration provides direct loans to local housing authorities, nonprofit organizations, and private developers to finance the construction of multi-family rental housing. This loan has a forty-year term, and an interest subsidy is available where the tenants qualify (under 502 income limits). With the current high costs of construction, however, only moderate-income rural residents are able to afford rental units provided under this program. Even at a 1% interest rate on the development loan, debt service payments and operating costs equal about \$140-\$150 per month for a standard unit, a rent level requiring an annual minimum income of \$6,720.

7. Section 515 - with Section 8

So that HUD's Section 8 housing assistance payments can be used in FmHA 515-funded housing projects, an agreement has been made between HUD and the Agriculture Department covering policies, procedures and regulations. The rental assistance would cover the difference between the family's contribution of 15-25% of its adjusted income and the rent (which is based upon an interest rate of 8%, slightly below market). When this program is implemented, it will bring rents within the reach of farmworker incomes.

There has been a long delay in the implementation of this 515/Section 8 program because of the difficulty in reaching agreement between the two departments on a number of issues. California has an allocation of 400 Section 8 units for 1977 to be used within the 515 program.

8. Farmers Home Administration Activities in California During 1975

| PROGRAM | NO. OF LOANS | NO. OF UNITS | TOTAL \$ |
|---------|-----------------|-----------------|--------------|
| 502 | 2850 | 2850 | \$60,037,000 |
| 504 | 1 | 1 | 3,500 |
| 515 | 27 | 871 | 12,142,000 |
| 514/516 | 2 | 72 | 2,045,258 |
| 523TA | 5 | NA | 3,117,000 |
| 524 | 0 | NA | 0 |
| TOTAL | 2885 | 3794 | \$77,344,758 |

In summary, the FmHA programs described above represent a potentially valuable resource to meet farmworker housing needs. Several major problems, however, exist with these programs and restrict their usefulness. First, further subsidies are necessary in addition to the available mortgage interest credits in order for the FmHA programs to reach a larger proportion of the low-income farmworker population. The Section 502 homeownership and the Section 515 rental housing programs, for example, serve only families within the narrow income range of \$7,270 to \$8,500.

Second, inadequate funds are allocated for the FmHA loan and grant programs. An estimated \$15-20 million in grant funds are required, just for the Section 516 farm labor program in California, but Congress has refused to provide more than \$5-7 million annually for the entire nation. The Section 502 and the Section 523 (Technical Assistance Grants) programs also require additional appropriations. Third, funds are needed to increase the number of staff at FmHA, which will enable the agency to administer the rural housing programs in a more effective manner. Fourth, the lack of Spanish-speaking personnel in local offices of the FmHA effectively limits its use for many Spanish-speaking rural residents.

Department of Housing and
Urban Development

The Department of Housing and Urban Development's (HUD) major deep subsidy housing program for both urban and rural areas is the Section 8 housing assistance payments program. The concept behind Section 8 is as follows: HUD pays to the owner (public, private, or nonprofit) the difference between a tenant's contribution (15 to 25% of adjusted income) and the contract rent. The contract rent must be under the maximum set by HUD as the approved "fair market rate" for that area. HUD's payment is known as a housing assistance payment. The rental unit can be existing, substantially rehabilitated, or newly constructed.

The "new construction" and "substantial rehabilitation" programs are similar enough to be considered as one program. In many ways, they are very different from the "existing units" program. The new construction program is usually administered directly by HUD to the owner, while the existing units program is generally administered by a public housing agency using funds granted it through an annual contributions contract from HUD.

There are several problems associated with the Section 8 program. One problem is with the determination of the maximum HUD-approved fair market rent. If the fair market rent is set below the level of rents on the open market, owners are reluctant to enter the program. In many areas of California, HUD's fair market rent is too low. Another problem is obtaining financing. Many lenders consider the security inadequate, because the housing assistance payments are only committed for occupied units, or for vacant units at 80% of contract rent for up to 60 days. In addition, developers are required to own and manage the units (or contract for management), a responsibility most private developers do not want, particularly for units occupied by low-income tenants.

There are special problems with Section 8 in rural areas. These problems include HUD's general urban orientation, the limited number of persons with development and management expertise in rural areas, insufficient program incentives to encourage the participation of urban developers and managers in rural areas, and limited allocations of Section 8 assistance.

State Housing Programs

The Employee Housing Act

In 1965 the Employee Housing Act (EHA) replaced the old Labor Camp Act and named HCD as the enforcement agency. The new act required permanent buildings to comply with the State Housing Law.

In 1971 labor camps were required to register and pay a minimum registration fee. In 1973, counties were given the option of enforcing the EHA themselves, with HCD, however, retaining responsibility for evaluating effectiveness of local enforcement. Fourteen counties exercised this action, including Fresno, Monterey, Stanislaus, and San Joaquin, and the majority of labor camps are now under local county enforcement. In January 1975, regulations went into effect requiring all labor camps to obtain a permit to operate prior to occupancy. This entails an inspection and bringing the camp up to standard, if necessary, before a permit is issued.

The regulations adopted by the Commission of Housing and Community Development are aimed at establishing minimum standards of health, safety, and decency for the farmworker. They include minimum health and safety standards for shelter; an adequate and safe water supply (hot and cold); heating, plumbing and electrical systems; garbage and refuse disposal standards; clean and adequate cooking facilities. California's regulations comply with or exceed the federally-required minimum standards.

Existing labor camps are subject to the codes and standards in effect at the time they are constructed. Many camps were constructed prior to 1961 before building codes and standards were adopted statewide. Codes and standards were in effect outside incorporated cities only in a few isolated areas. As long as these early labor camps are adequately maintained and do not present a health and safety hazard, they are not in violation of the law.

A substantial part of the migrant housing stock is excluded from the Employee Housing Act. At present, EHA applies only to employer-provided housing; this excludes the labor supply camps, many of which were the original bracero camps and are now owned by nonemployer private individuals who rent to farmworkers. Also excluded are single-family units housing less than five employees, and the motels in town used by migrant workers and their families. (See proposed action 2a which would eliminate both of these exclusions.)

AB 537, which became effective January 1, 1976, greatly increased the penalties for violations of the Act. There is a 30-day maximum time period in which to correct the violations. This act established a civil penalty of not less than \$300 nor more than \$1,000 for each willful violation or for each day of a continuing violation. A violation occurs when the labor camp continues operation without a permit to operate and without compliance with

minimum standards. The enforcement agency is mandated to initiate action in court to collect any civil penalty that may arise. However, there is no violation if the owner is discovered operating without a permit and simply orders the workers to vacate his property.

State Housing Law

As noted above, much migrant housing is excluded from the provisions of the Employee Housing Act. All categories of housing excluded by the Employer Housing Act fall under the provisions of the State Housing Law.

Specifically, as it relates to farmworker housing, enforcement of the Housing Law can be used to eliminate unsafe commissary camps, substandard housing, and illegally constructed "backyard" type units.

Enforcement of the housing code is delegated to the housing department of every city and county, or if one does not exist, to the local health department. If neither of these agencies enforce the law, HCD is charged with the responsibility. Enforcement tools consist of the right of inspection and the initiation of abatement proceedings after 45 days. If the owner simply abandons the property rather than rehabilitating it, the enforcing agency can demolish the structure.

Migrant Services Program

The Migrant Services Program, located within the Employment Development Department (EDD) has as its main objective the provision of temporary housing and related services for migrant farmworkers and their families during the peak harvest season. As part of the Migrant Services Program, EDD administers the California Migrant Master Plan and prepares an annual report of program activities.

EDD has responsibility for 25 State-owned farmworker housing centers. To comply with U.S. Department of Labor requirements and State law, EDD contracts with local housing authorities or boards of supervisors to operate and maintain the 25 migrant camps during their temporary occupancy.

The Governor's 1976-77 budget allocates \$3.76 million from the General Fund for Migrant Services program costs. This represents a substantial increase in State funds budgeted for the program.

The California Housing Finance Agency

Assembly Bill 1X (1975) created the California Housing Finance Agency (HFA) and reorganized and established new responsibilities for the Department of Housing and Community Development. HCD is the principal State department responsible for coordinating federal and State relationships in housing and community development "except for housing finance". HFA is the principal State agency responsible for financing low- and moderate-income housing.

The HFA is empowered to lend monies through intermediaries (qualified mortgage lenders) or directly to borrowers to finance the construction, rehabilitation, or acquisition of housing for persons and families of low- or moderate-income. The HFA charges fees to borrowers in order to make the agency self-supporting. The agency is required to balance its activities among metropolitan, nonmetropolitan, and rural areas of the State in proportion to the needs identified in the California Statewide Housing Plan.

HFA has the authorization to issue a total of \$450 million in revenue bonds, of which \$300 million are tax-exempt bonds. The other \$150 million would be nontax-exempt bonds to be issued at such time as bond insurance through Section 802 of the Housing and Community Development Act of 1974 is activated. The California Supreme Court has ruled that housing developments financed directly by HFA must obtain local voter approval under Article 34 of the State Constitution. Once approved, however, HFA-financed housing developments must secure Federal Section 8 rent subsidies in order to become viable for lower-income occupancy; the interest rates on HFA loans will prevent lower-income households from being served without rent subsidy.

State Technical Assistance

With the passage of AB 1X, the Department of Housing and Community Development became responsible for providing technical assistance in housing development to rural localities and farmworker groups. The Department's Division of Community Affairs has assisted several rural nonprofit organizations with FmHA loan applications for 278 units of new multi-family low-income housing for farmworkers. The technical assistance program also aided in the development of 100 units of self-help housing by the Monterey County Housing Authority. Community Affairs bilingual staff members assisted with the rehabilitation and replacement of migrant labor camps subject to closure due to code enforcement actions. In addition to the above, Community Affairs administers a \$97,000 home management counseling grants program; \$52,000 was allocated to farmworker-impacted communities. Consequently, the technical assistance program represents an important part of State and local efforts to meet the housing needs of farmworkers.

The HCD's Economic Development Section provides technical assistance to five designated communities seeking federal funds for jobs creation. Three of these communities are in farmworker areas (Coachella, Hollister, and Calexico). The Section also administers a \$1.8 million loan and grant program to finance job creation enterprises. Significant potential exists under the program to improve local economies in rural areas and create greater job opportunities for rural residents.